

NCUA BOARD MEMBER MICHAEL E. FRYZEL REMARKS

NAFCU CONGRESSIONAL CAUCUS

WASHINGTON, DC

SEPTEMBER 20, 2011

Thank you, Carrie. It is a pleasure to address the NAFCU Congressional Caucus today. as i have in the past, i want to again recognize and thank Fred Becker, Michael Lussier, Dan Berger, Brad Thaler and Carrie hunt for the outstanding job they do representing and advocating for credit unions across this country every day in our Nation's Capital. Your efforts and actions make NAFCU the respected association it is. I commend and thank you for all you do.

I am pleased to be speaking to you here at the Mayflower Hotel. It is sometimes referred to as the *Grande Dame* of Washington hotels, and it has garnered a notable reputation since opening in the 1920s. Quite a number of events have taken place here: inaugural balls for nearly every President since Calvin Coolidge; daily lunches for FBI Director J. Edgar Hoover; plus the comings and goings of celebrities.

Franklin Roosevelt stayed here the day before he was sworn in for his first term as president. It was March, 1933. Things could hardly have been worse. The country had been suffering for three years after the Great Wall Street Crash of October 1929. Very little that the Herbert Hoover Administration had attempted to do could jump-start the American economy.

Unemployment stood at almost 25%. There was no deposit insurance and when banks failed, persons who had a lifetime's savings in them lost everything. Hungry men, women, and children wandered the streets or stood in bread lines to get food. On the day Roosevelt stayed here in this hotel – it was a Friday -- the worst banking crisis of those three miserable years reached a peak – 32 states declared bank holidays on account of failing banks.

Very likely, no first inaugural speech since Abraham Lincoln's in 1861 was as anticipated as Roosevelt's. What was he going to say? What was he going to do to attempt to elevate the nation out of the worst economic crisis in its history?

Upstairs, in Suite 776 of this hotel, Roosevelt worked on that speech. He had worked on it on and off for weeks, but the night before the inaugural he toiled over it again. Some portions of that speech are worth recalling.

He began, by very quickly saying within the first few seconds "This great nation will endure as it has endured, will revive and will prosper. So first of all let me assert my firm belief that the only thing we have to fear is fear itself."

These are the words most people remember from that speech and they are the ones most quoted, but there were far more. Roosevelt was harsh on persons he felt had contributed to the economic mess. He said of them, "They know only the rules of a generation of self-seekers. They have no vision, and when there is no vision the people perish."

He also said, “the measure of the [nation’s] restoration lies in the extent to which we apply social values more noble than mere monetary profit.” And he said that “these dark days will be worth all they cost us if they teach us that our true destiny is not to be ministered unto but to minister to ourselves and to our fellow men.”

These words still resonate today. To me they sound very much like what credit union people have been saying for the past 100 years. Or this, which came a little bit later in Roosevelt’s speech. He said: “We now realize as we have never realized before our interdependence on each other, that we cannot merely take but we must give as well.”

Franklin Roosevelt spoke these words to thousands of anxious people on the east side of the Capitol where many of you are headed this week.

That was nearly 80 years ago. Times change; powerful people come and go, but some human circumstances remain remarkably the same age after age.

Franklin Roosevelt understood and tried to tell the American people that the way forward was not by chasing after mere profit but rather by looking out for one another. It was not by thinking about acquiring but rather by thinking about helping.

Helping is exactly what you in this room do. And my hope is that when you call on the Representatives and Senators and their staffers and federal officials here this week you will

remind them of what you do, that what you do is help. Remind them that credit unions do not seek profit, but rather seek only to deliver financial services to ordinary men and women in a fair and beneficial way and to offer financial education to them so that their financial lives are made better so that they can keep more of their hard-earned money.

Remind them that not one dollar of tax payer money went to save a credit union or to pay for an insured savings account. Although not causing the problems that have plagued our nation since the credit crisis of 2008, and in fact having been victimized by them, credit union members have looked out for their own people and their own system.

While you are at it, remind the officials you will be talking to, that 30 years ago credit unions hardly wrote home mortgages at all, or business loans, but that, all things considered, credit unions have grown to being arguably the best writers of mortgages and best business lenders in America.

Given this record, should credit unions not be allowed to make even more business loans and to grow by means of alternative or risk based capital?

Some of you tomorrow night will be going to the Newseum about a mile from here on Pennsylvania Avenue. The Newseum celebrates the tradition of news gathering and dissemination through the years of our nation. When the men who wrote the U. S. Constitution in 1787 – including its first 10 amendments -- they did a very short and a very important thing. They wrote that Congress should “make no law abridging the freedom of speech, or of the

press.” In a single phrase they wiped away a disease on good government that had lasted thousands of years.

The disease was that anyone could be punished – driven out of business, jailed, or worse – for standing up and saying that an action of the government was wrong or that an agent of the government was corrupt. Freedom of speech in America has always been troublesome, but it is the best antiseptic against inefficient, even self-interested, government. No person in our nation can be punished for pointing out inefficiency, error, or corruption.

But there is more to the First Amendment than freedom from fear of speaking the truth. When a nation allows anyone to speak plainly, all sorts of ideas are developed. Some, of course, fall by the wayside as not being particularly good. But some rise. In a nation that protects free speech, good ideas are formed and then attract attention; these ideas are debated, and the best of them rise to the top. Credit unions are one of those good ideas. A hundred years ago, many ordinary Americans were not getting the kind of credit or the kind of financial services they deserved. Credit unions, at the time barely known, were seen as an idea that could help these people. Now credit unions help 91 million Americans, almost a third of our nation’s population. Why did the credit union idea grow from helping a handful of people to helping 91 million Americans? -- because it was a good idea, and because it remains a good idea. Credit unions give efficient financial services and adequate credit to ordinary Americans from coast to coast. And credit unions give effective and sound financial education with nothing else in mind than helping the persons who come for that education.

Because we are a good idea we have grown successful. Let's do a bit of comparison. The number of Americans who watch Monday Night Football is 15 million. The number of Americans who watch American Idol is 27 million. The number of Americans who own smart phones is 85 million. But the number of persons served by the nation's credit unions is 91 million and counting, because more join every day.

We – the credit unions, the trade associations, the NCUA – now have to care for that success carefully and respectfully. And doing so requires that each of us understand and does his job. For my own part, I recall what Ronald Reagan once said, “Government's first duty is to protect the people, not to run their lives.” The job of NCUA is not to run credit unions; rather it is to work to assure as best it can the safety and soundness of the entire system and to protect the integrity of the share insurance fund. Accordingly, the credit unions have to run themselves in a safe manner in line with their pledge to put the best interest of members ahead of all other concerns. And the trade associations have to continuously strive to improve the system for their member credit unions and for all credit unions. We each have our jobs to do, and we each have to do them well and in coordination with one another, without overlap but with cooperation.

I can report to you that we are getting on with that job. We have had some very hard shocks, but we – and by that I mean the credit unions, the trade associations, and the regulatory bodies -- have been dealing with them fairly well. We proved not to be a dry branch that snapped but rather a living tree that sways in a hard wind but comes back to vertical again. We have been

flexible, and we need to remain flexible. I believe the methods for full and complete recovery are now in place and that what is important is for us to be vigilant and to let the methods for recovery work as they are intended to work. Credit union reputation among the general population rose after the Wall Street and banking problems of 2008-2009 and that reputation is continuing to rise.

Delinquency and charge-off rates have been falling. Balance sheets are improving. We all have to make sure that this forward momentum continues and that we never slacken in our commitment to assure that the credit union system is the best financial services system in the nation.

Although things appear to be slowly getting better and we are hopeful that the worst is behind us, and that the horizon is brightening, We are not yet in the clear and we still have some tough days ahead. Unemployment is too high, too many mortgages are underwater, and there is too much uncertainty concerning how the nation's and the world's financial affairs are going to play out. But we in the credit union movement have set into place the needed processes for putting our problems behind us. Now with diligence, we have to watch as those processes do the job they were put in place to do. We must wait and be patient.

Mark Twain liked to joke that when Congress is in session, no person is safe. Indeed, Congress can be fickle and it can be frustrating. But when you go to Capitol Hill this week, remind the people you see there that very likely they or plenty of persons around them are members of the

Senate FCU or the Congressional FCU and that they benefit day in and day out from the high-quality, low-fee services of these fine institutions.

Remind them that what they receive from these Capitol-Hill-related credit unions is repeated 91 million times from the Atlantic to the Pacific and from Texas to North Dakota and that the good works that credit unions do needs to be fostered and expanded rather than hampered and confined. I expect you will receive warm welcomes in any office of government you visit.

You have my very best wishes for educating yourselves in workshops here and educating government representatives this week. Again, thank you for inviting me, and thank you for listening.